

EXCLUSIVE USE EXEMPTIONS FOR NON-PROFIT RELIGIOUS, CHARITABLE, CEMETERY, OR EDUCATIONAL PURPOSES

Alaska's Constitution provides exemptions from taxation for "All, or any portion of, property used exclusively for non-profit religious, charitable, cemetery, or educational purposes, as defined by law." Alaska Const., art. IX, § 4. The Alaska Legislature has defined religious purposes in AS 29.45.030(b), but AS 29.45.030(a)(3) just repeats the other constitutional exemptions without further definition; it also includes a new exemption for nonprofit hospital purposes.

- Statute: AS 29.45.030(a)(3), (b), (c), available at. <https://law.justia.com/codes/alaska/title-29/chapter-45/article-1/section-29-45-030/>

The task of explaining and interpreting these exemptions has therefore fallen largely on the Alaska Court System.

The legal requirements that apply equally to these four categories are discussed below. For more information on a specific category, click the links below.

Applicants bear the burden of proof.

Exemption applicants must prove that they are entitled to an exemption by submitting documents, written explanations, and other relevant evidence. Providing documents required by the application and responding to requests from assessing staff for additional information will ensure staff has the proper information to make an informed decision.

Courts interpret exemptions from taxation narrowly.

When an exemption is granted, its tax burden is shifted onto the remaining taxable properties in the Borough. Because all properties benefit equally from government services funded by tax revenue, exemptions are granted only when it is very clear that the applicant is entitled to one.

Exclusive Use requirement

All uses of the property must be for the direct and primary exempt purpose (e.g., religious, charitable, cemetery, hospital, educational). Exclusive use implies a certain duration and frequency of activity, to the exclusion of other, non-exempt uses, but a very minor, non-exempt use is not disqualifying. However, if property is used occasionally for a nonexempt

purpose, it is not exempt because the property must be used exclusively for exempt purposes.

Exemptions can be granted for portions of buildings or property (rooms and floors, or discrete fields or areas) that are used exclusively for an exempt purpose. But exemptions cannot be divided by time into hours, weeks, or months because such intermittent use does not qualify as exclusive use. Finally, because these exemptions require exclusive use for a qualifying purpose, vacant land and buildings are not eligible. Property that supports exempt property may also be exempt if it is vitally necessary for the exempt property's use.

Nonprofit purposes requirement

A nonprofit purpose means the property is not operated for a dominant profit motive. Ownership by a 501(c)(3) nonprofit corporation is good evidence of a nonprofit purpose but, depending on the facts, an individual may also qualify. Leases and other space-sharing agreements on the property with private, for-profit businesses are disqualifying.

Property from which income is derived

Income is not disqualifying under Alaska Statute 29.45.030(c) "if that income is solely from the use of the property by nonprofit religious, charitable, hospital, or educational groups." In the case of nonprofit educational groups, the property is exempt only if used exclusively for classroom space. If payments do not exceed operating costs (e.g., no net income), then those using the property do not have to be nonprofit groups. Fundraising on the property is disqualifying.

[2026-02-10 FNSB v. Fairbanks First Assembly of God - Decision on Appeal.pdf](#)

[2025-08-13 Retirement Community of Fairbanks Inc. v. FNSB - Decision and Order Affirming the Borough Tax Assessors Final Determination.pdf](#)

[2024-08-01 Victory Ministries v FNSB - Decision and Order Affirming FNSBs Property Assessment of Victory Ministries of Alaska 1.pdf](#)

Hospital Purposes.

One Alaska Supreme Court case discussed how the Providence Hospital in Anchorage was used, but the term “hospital purposes” was not a main issue in the case. Still, the Court described in passing a Radiology, Laboratory and Surgical Center staffed largely by regular hospital employees as parts of the exempt hospital. Space leased to for-profit private doctors were not exempt, but the nonprofit hospital was.

Alaska Statute AS 47.32.900(13) defines a hospital as “a public or private institution or establishment devoted primarily to providing diagnosis, treatment, or care over a continuous period of 24 hours each day for two or more unrelated individuals suffering from illness, physical or mental disease, injury or deformity, or any other condition for which medical or surgical services would be appropriate.”

Fairbanks Memorial Hospital currently receives this exemption.

- Case: Greater.Anchorage.Area.Borough.vj.Sisters.of.Charity, 553 P.2d 467 (Alaska 1976), available.at.<https://law.justia.com/cases/alaska/supreme-court/1976/2445-1.html>



Fairbanks North Star Borough

ASSESSING DEPARTMENT

Exemption Application for Hospital Purpose

Application Deadline: February 14th

Each Property Account Number requires a separate application. If more than one PAN is included on the application, they cannot be processed and will be returned to the requestor.

Tax Year of Application: _____ Property Account # (PAN) _____

Owner of Record: _____

Mailing Address of Applicant: _____

Physical Address of Applicant: _____

Telephone No.: _____ Contact Person: _____

Description of Property: _____

Street Address of Property: _____

Acquisition Date: _____

Email: _____ Are there multiple structures on the parcel: _____

Describe the current use of the property: _____

Is this property used or leased by others: _____

What date was the property placed in service for your purpose? _____

Are you requesting a Formal Review Meeting with the Assessor? _____ YES _____ NO

What hours is your facility open? As the Assessor's office may need to contact you or review of the property may need be scheduled:

Please provide the requested detailed documentation to be submitted with your exemption application as this information forms the basis of the exemption determination.

1. The Articles of Incorporation for the organization
2. Documents to support the organization's nonprofit status (e.g. a recent IRS 501(c)(3) determination letter, or equivalent)
3. A detailed description of all uses of the property and the individual improvements, structures, and buildings.
4. If there are multiple structures, include a detailed description of how each building is used, including rooms within buildings if they are used differently.
5. Contracts, rental agreements, use agreements, leases, and any other documents describing or memorializing use of the property by a person or entity other than the applicant organization.
6. Description of any remuneration received by the applicant organization including any property, or portion of property, from which rentals or income are derived.
7. Actual operating expenses, including debt service or depreciation.
8. If property is leased by the organization to other entities, financial statements for the past tax year including income and expense reports, and a description of any debt service or depreciation included in the financial statements for the property.

THIS APPLICATION MUST BE SIGNED AND NOTARIZED & RECEIVED IN OUR OFFICE OR POSTMARKED BY THE DEADLINE.

By law the Assessor construes tax exemption statutes narrowly. Tax exemptions are privileges to which taxpayers must prove their entitlement. It is very important that you provide all the requested information. Under Alaska law, applicants for property tax exemptions have the burden of demonstrating that their property qualifies for an exemption.

Certification:

I AFFIRM, UNDER PENALTY OF LAW,¹ THAT ALL OF THE INFORMATION AND ANSWERS I HAVE ENTERED ON THIS FORM AND ON ANY SUPPORTING DOCUMENTATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Date: _____

Signature: _____

SUBSCRIBED AND SWORN TO BEFORE ME on this _____ day of _____, 202__.

Notary Public in and for Alaska

Commission Expires: _____

Fairbanks North Star Borough Hospital Purposes Exemption Information

1 FNSBC 8.08.020.C. If anyone knowingly makes any false representations in any submission to the borough related to an initial application for or review of a tax exemption or deferral under this chapter and Chapter 8.12 FNSBC, that person shall be punished by a fine of \$1,000. (Ord. 2013-65 § 4, 2013; Ord. 2005-62 § 3, 2005; Ord. 2005-23 § 2, 2005. 2004 Code § 3.10.020.)

1 FNSBC 8.04.060.C.3 It shall be the responsibility of every owner of property which obtains an exemption under this section to notify the borough assessor within 30 days of any change in ownership, change in the use of the subject property, in whole or in part, change in the nonprofit status of the owner or change in any other element which may affect the exemption qualification of the subject property.

AS 29.45.030, provides:

(a) The following property is exempt from general taxation:

(3) property used exclusively for nonprofit religious, charitable, cemetery, hospital, or educational purposes;

...

(c) Property described in (a)(3) or (4) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.